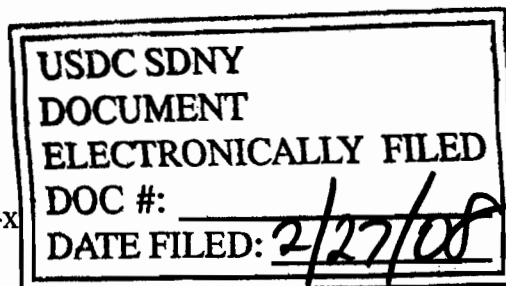


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



ERIC SCHERZER, as Trustee of the VOLUNTARY
HOSPITALS HOUSE STAFF BENEFITS PLAN,

Plaintiff,

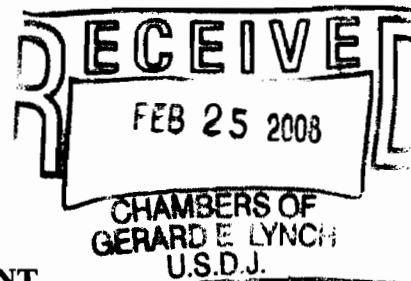
07 CV 7006

~~06 CV 4409~~ (GEL)

-against-

NORTH GENERAL HOSPITAL,

Defendant.



SETTLEMENT AGREEMENT

WHEREAS, the Voluntary Hospitals House Staff Benefits Plan (the "Plan") is a multi-employer welfare benefit plan which provides health benefits to certain employees of North General Hospital ("North General Hospital"); and

WHEREAS, pursuant to a collective bargaining agreement between North General Hospital and the Committee of Interns and Residents ("CIR"), North General Hospital is obligated to make monthly contributions to the Plan on behalf of participating House Staff Officers at North General Hospital; and

WHEREAS, the Plan seeks to recover contributions and interest which it alleges are owed to the Plan by North General Hospital; and

WHEREAS an action is pending in the United States District Court for the Southern District of New York styled as Scherzer v. North General Hospital, 07 CV 7006 (GEL); and

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WHEREAS, North General Hospital desires to pay any contributions interest, fees and costs which it may owe to the Plan on behalf of North General Hospital's employees; and

WHEREAS, the Plan has determined that it is in the best interests of its participants and beneficiaries to enter into this settlement agreement (the "Settlement Agreement"),

NOW THEREFORE, it is agreed to by the parties upon the signing of this Agreement and for other good and valuable consideration:

1. North General Hospital agrees that it owes or will owe contributions to the Plan in an amount equal to \$285,418.00 in principal for contributions due and owing for the period from July 2007 through February 2008, agrees that it owes or will owe interest to the Plan for delayed payment of the July through November 2007 contributions in the amount of \$6,278.81 agrees that it owes attorney's fees to the plan in the amount of \$2,000.00 and agrees that it owes costs to the Plan in the amount of \$412.00 for a total amount due of \$294,108.81.

2. North General Hospital agrees that it will make the payments listed in paragraphs 1 through 9 to fully settle the remaining total amount due.

3. On or before November 2, 2007 North General Hospital will pay to the Plan \$36,556.00 for contributions due and owing to the Plan for the month of August 2007.

4. On or before November 12, 2007 North General Hospital will pay to the Plan \$36,556.00 for contributions due and owing to the Plan for the month of July 2007.

5. On or before November 23, 2007 North General Hospital will pay to the Plan \$35,853.00 for contributions due and owing to the Plan for the month of September 2007.

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6. On or before December 23, 2007 North General Hospital will pay to the Plan \$35,853.00 for contributions due and owing to the Plan for the month of October 2007 and \$35,150.00 for contributions due and owing to the Plan for the month of November 2007.

7. On or before January 23, 2008 North General Hospital will pay to the Plan \$35,150.00 for contributions due and owing to the Plan for the month of December 2007 and \$35,150.00 for contributions due and owing to the Plan for the month of January 2008.

8. On or before February 23, 2008 North General Hospital will pay to the Plan \$35,150.00 for contributions due and owing to the Plan for the month of February 2008.

9. On or before February 23, 2008 North General Hospital will also pay to the Plan (i) interest in the amount of \$6,278.81; (ii) attorney's fees in the amount of \$2,000.00; and (iii) costs in the amount of \$412.00.

10. In consideration for the settlement of the claims of the Plan and to provide security for the debt which North General Hospital has acknowledged herein as set forth in paragraphs 1 through 9, North General Hospital agrees to execute a Confession of Judgment (the "Confession"). The Confession is attached hereto as Exhibit A. The parties agree that should North General Hospital fail to pay any of its obligations under the terms of this Settlement Agreement North General Hospital shall be deemed to have defaulted under the terms of this Settlement Agreement, and the Plan shall be entitled to enter the Confession of Judgment in accordance with the terms set forth in paragraph 12 of this Settlement Agreement.

11. The parties agree that if North General Hospital makes all payments under this Settlement Agreement to the Plan as set forth in paragraphs 1 through 9 of this Settlement Agreement, the Plan shall return the executed Confession of Judgment to North General Hospital.



12. The parties agree that should the Plan fail to receive the payments due from North General Hospital on the day that they are due, it shall be deemed in default under this Settlement Agreement and the Plan shall be entitled to take the following action:

- A. The Plan may notify North General Hospital that the Hospital is delinquent in its payments and has five days to cure its default. A letter advising of such default will also be sent by Certified Mail to Lisa M. Hackett, Esq., North General Hospital, 1879 Madison Avenue, New York, NY 10035
- B. If North General Hospital fails to deliver a valid check or money order in the full amount of the asserted delinquency to the offices of Kennedy, Jennik & Murray, P.C. within five (5) days from the date such notice is mailed, the Plan may enter the Confession of Judgment attached hereto with no further notice upon North General Hospital and thereupon take any action to collect upon the judgment.
- C. In entering the Confession of Judgment, the Plan shall give North General Hospital credit for installment payments already received and may add any current contributions owed, to the extent such current contributions, when added to the balance of installment payments due, do not exceed the total amount confessed.
- D. Alternatively, the Plan may sue to enforce the terms of this Agreement.

13. North General Hospital agrees that its obligations under this Settlement Agreement shall not be affected should it have a dispute with the Plan concerning the amount owing for any Current Contributions. North General Hospital agrees that except as modified in this Settlement Agreement, it is obligated to make the Current Contributions demanded by the Plan and will thereafter seek an adjustment of that Contribution if appropriate.

14. North General Hospital understands that the Plan reserves whatever rights are granted to the Plan under the Collective Bargaining Agreement between North General Hospital and CIR to audit the books and records of North General Hospital and to collect any amounts which may be due for any period not previously audited, for the purpose of determining whether

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North General Hospital owes to the Plan contributions on behalf of participating House Staff Officers in addition to those already invoiced.

15. This Settlement Agreement constitutes the entire agreement between the parties and the parties hereby revoke any prior agreements which might exist regarding this matter.

16. This Settlement Agreement may only be amended by a written instrument executed by both parties.

17. This Settlement Agreement may not be assigned.


18. The action pending in the United States District Court shall be withdrawn with prejudice.


19. This Settlement Agreement shall be governed by the laws of the State of New York to the extent that it is not preempted by Federal Law.

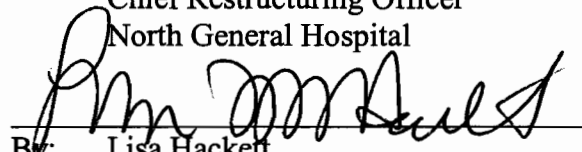
Dated: New York, New York
November 28, 2007

VOLUNTARY HOSPITALS
HOUSE STAFF BENEFITS PLAN.

NORTH GENERAL HOSPITAL


By: Eric Scherzer
Trustee, VHHSBP


By: Luis Hernandez
Chief Restructuring Officer
North General Hospital


By: Lisa Hackett
Associate General Counsel
North General Hospital

SO ORDERED:


Gerard E. Lynch, U.S.D.J.

Feb. 25, 2008
Date

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